CHINA'S MEDIA PROTECTIONISM

The other day, NYT's great ombud Margaret Sullivan wrote a post on the difficulties it and other media outlets are having with China.

> • Last year, The Times published a story by David Barboza about the enormous wealth of China's ruling family. The article won a Pulitzer Prize — and caused the Chinese government to shut down The Times's website in China, an important part of its growth as a global business, at a cost of about $3 million in lost revenue to The Times so far.
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> [Click through for Sullivan's account of the dispute between NYT and Bloomberg over whether the latter killed a story critical of China's ruling elite.]
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> • Fortune magazine reported last week that Chinese authorities barged into Bloomberg News offices in Shanghai and Beijing to conduct inspections shortly after The Times wrote about the disputed and still unpublished article. Chinese officials also demanded an apology from Mr. Winkler, Fortune reported. Mr. Winkler has built Bloomberg News into a top-flight news organization, one that has clearly done some of the best reporting from China. Publicly, Bloomberg has continued to say that its article was held back for more reporting, not permanently killed. One of the reporters of that article, Michael Forsythe, was suspended from Bloomberg; he later left the company. It would not be surprising if Mr. Forsythe soon joined the reporting staff of The Times.
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> • American reporters in China are having problems getting their residency visas

> renewed and soon may be forced to leave the country. What once was “an annual nonevent” has become “a very big worry,” said Jill Abramson, the executive editor at The Times. “I’m concerned that we won’t be able to do the unfettered coverage we need to do for our readers.”
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> The Times has a dozen people reporting on China who have New York Times accreditations from the Chinese government, including a photographer and a videographer. All are in Beijing except Mr. Barboza, who is based in Shanghai. The Times also has several correspondents and an editing operation in Hong Kong.
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> • The websites of The Wall Street Journal and Reuters were both recently blocked, and Bloomberg’s has been blocked for many months. And after officials ordered some companies to stop paying for Bloomberg’s data terminals — central to the company’s distinctive business model — the growth in sales slowed in China, a major potential market.

These are two different types of activity (or maybe three). There’s the refusal to let reporters report freely in China, which has the effect of making it harder to document elite corruption. There’s the refusal to let media outlets distribute their works in China, which has both a censorship and a business effect (which adds up to millions in revenue, according to Sullivan). And then there’s China discouraging companies from paying for Bloomberg terminals, which is much closer to withholding a “hard” market than a “soft” one. (Chinese traders can still get the same data, just not in that convenient form.) This last category is very likely the most costly one for Bloomberg (indeed, it may explain why it is gutting its investigative journalism) though I have yet to see hard data on how costly it is.

These are not new problems.

Google already faced the choice of abiding by China's censorship and spying requirements or losing access to the market (it's worth noting that China found Google access more threatening to its power than real press coverage, at least up until now).

And a range of manufacturing and content companies have had to choose between entering the lucrative and growing Chinese market and abiding by certain rules. Of the media companies, only Google has likely been exposed to the kind of intellectual property risks implicit in — but not explicitly admitted — in doing business in China.

That is, for decades, American companies have faced the choice of doing business in China with real limits or forgoing one of the fastest growing markets.

And, as happened before with digital technology, the media outlets are now being exposed to the same difficult demands — largely that they either not report critically or lose access to the market — that manufacturing and other industries faced years before.

That doesn't make it right.

But I do hope media companies realize that the Chinese conditions on entering its market are not new at all. Because for years, the media has largely been ignoring or downplaying the costs that manufacturing companies have paid for entering the Chinese market, which has had a huge impact on US competitiveness, both in terms of lost IP and in terms of diminished exports.

China's mercantilism has been forcing this kind of choice for decades. Maybe as newspapers recognize the costs of it, they'll do more reporting on it.

Update: And the parallel continues as journalists consider whether to call for visa retaliation.

> It’s not clear if the U.S., a country that prides itself on having a free press, would resort to blocking Chinese journalists. But some journalists and China-watchers suggest that such a measure should be considered if the Chinese government prevents American news organizations from covering the country, a problem compounded by U.S. newspaper sites getting blocked and journalists self-censoring coverage of the Chinese government for fear of reprisal.
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> On Monday, The Washington Post editorial board called for a U.S. response to China’s “strong-arm tactics” with the media.
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> “Chinese journalists get an open door to the United States,” the Post editors wrote. “This reflects U.S. values and is fundamentally correct. But perhaps, if China continues to exclude and threaten American journalists, the United States should inject a little more symmetry into its visa policy.”